



Health Services
LOS ANGELES COUNTY

December 19, 2006

**Los Angeles County
Board of Supervisors**

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street

Dear Supervisors:

THE COMMUNITY HEALTH PLAN

IT IS RECOMMENDED THAT YOUR BOARD:

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

William Loos, MD
Acting Senior Medical Officer

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

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1. Delegate authority to the Director of Health Services or his designee (hereafter "Director") to: a) amend and extend Agreement No. H-207980 between the Department of Health Services' Community Health Plan (CHP) and L.A. Care Health Plan (L.A. Care) effective January 1, 2007, on a month-to-month basis, through June 30, 2007, b) negotiate and execute a Replacement Agreement during the extension term, effective the first day of the month following the date of successful contract negotiations by both parties up to March 31, 2009, and c) execute future Amendments to the Replacement Agreement up to March 31, 2009, contingent upon prior review and approval by County Counsel and the Chief Administrative Office.
2. Approve and instruct the Director to offer and execute Amendment No. 7 to Agreement No. H-213337 with L.A. Care, substantially similar to Exhibit I, effective January 1, 2007 through June 30, 2007 to extend the following services provided for the CHP's Personal Assistance Services Council-Service Employees International Union (PASC-SEIU) Homecare Worker Health Care Plan: a) administrative support services, at an estimated total cost of \$1.2 million dollars during the extension term, partially offset by State and Federal funds as set forth herein, and b) nurse advice line services at no additional cost to County.
3. Approve and instruct the Director to offer and execute Amendment No. 6 to Agreement No. H-207959 with L.A. Care, substantially similar to Exhibit II, effective January 1, 2007 through June 30, 2008 to extend the following services provided for the CHP's Healthy Families Program (HFP): a) health care services to CHP members, at an estimated total cost of \$5.6 million dollars during the extension term, 100% offset by State and Federal funds, b) performance measurement support services for a total maximum obligation of \$272,000, 100% offset by State and Federal funds, and c) nurse advice line services at no additional cost to County.
4. Delegate authority to the Director to offer and execute future Amendments to existing Agreements for any or all CHP product lines during the term of each respective program to: a) extend the term and incorporate provisions consistent with the related funding Agreement, all applicable State law and regulations, County Ordinance, and Board policy, b) adjust rates and financial risks on a prospective basis based on actuarially sound guidelines reviewed and approved by County Counsel and Chief Administrative Office,

- c) incorporate performance standards required under the National Committee for Quality Assurance (NCQA) Accreditation Program, and d) make appropriate changes in contract language to improve clarity and correct contract deficiencies, errors and omissions, contingent upon prior review and approval by County Counsel and the Chief Administrative Office.
5. Delegate authority to the Director to offer and execute Board-approved standard form Agreements for any or all CHP product lines, as may be amended from time to time, with qualified providers, provided that CHP requires such Agreements to increase service capacity or access for its members, and that such providers meet CHP's contracting criteria listed in Attachment B, contingent upon prior review and approval by County Counsel and Chief Administrative Office.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

The Department of Health Services (DHS or Department) is recommending approval of these actions to enable CHP to: a) ensure continued funding and provision of health services to Medi-Cal beneficiaries enrolled in CHP, b) ensure continued access to health care and nurse advice line for all CHP product lines, administrative support for PASC-SEIU Homecare Worker Health Care Plan, and performance measurement support for HFP, c) offer standard form Agreements to qualified providers to increase capacity or access to care for any or all CHP product lines, and d) execute certain types of Amendments on a timely manner to ensure continued compliance with State and other local requirements and to remain competitive with other health plans in order to retain and increase CHP membership.

FISCAL IMPACT/FINANCING:

L.A. Care Agreements

PASC-SEIU Health Care Plan – Administrative Support Services

CHP receives funding from PASC on a capitated per member per month basis for each subscriber enrolled in CHP. The total estimated cost for the Administrative Support Services Agreement with L.A. Care is \$1.2 million dollars during the extension period. Based on current cost-sharing ratios, the PASC-SEIU Homecare Worker Health Care Plan is 82.3% offset by State and Federal funds, with the remaining 17.7% covered by net County costs. Funding is included in the Office of Managed Care's Fiscal Year (FY) 2006-07 Final Budget.

Healthy Families Program

The cost for HFP health care provided by L.A. Care's provider network for primary, specialty, hospital, behavioral, and pharmaceutical services, and performance measurement support services is 100% offset by State and Federal funds received from the State's Managed Risk Medical Insurance Board (MRMIB) on a capitated per member per month basis for each HFP subscriber enrolled in CHP. The total estimated cost for the provision of network health services with L.A. Care is \$5.6 million dollars for the extension period. CHP will reimburse L.A. Care for a total maximum obligation of \$272,000 for the performance measurement support services provided to CHP. Funding is included in the Office of Managed Care's FY 2006-07 Final Budget, and will be requested in future years.

Nurse Advice Line

L.A. Care will continue to provide or arrange for the provision of nurse advice line services for the duration of term of each respective L.A. Care Agreements for all CHP product lines at no additional cost to the County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The CHP is a full-service Knox-Keene Licensed (1985) and federally qualified Health Maintenance Organization (1988) publicly operated by the County of Los Angeles and administered by the Department's Office of Managed Care, providing health care services at low or no cost through the Medi-Cal Managed Care Program, Healthy Families Program, Los Angeles County Temporary Employees Program and PASC-SEIU Homecare Worker Health Care Plan.

L.A. Care Agreements

Plan Partner Services/Medi-Cal Program

On February 11, 1997, the Board approved the Plan Partner Services/Medi-Cal Program Agreement with L.A. Care. On subsequent occasions, the Board approved a new Agreement effective December 2002 and Amendments through December 31, 2006.

The CHP receives monthly capitation payments from L.A. Care for each Medi-Cal beneficiary enrolled in CHP, which provides 100% funding to the CHP's Medi-Cal Managed Care Program.

Negotiations with L.A. Care for a Replacement Agreement are ongoing. To this extent, the Department intends to amend and extend the current Agreement effective January 1, 2007, on a month-to-month basis, through June 30, 2007, or sooner, to allow both parties to fully complete their negotiations and execute the Replacement Agreement, which shall be effective the first day of the month following the date of successful contract negotiations by both parties during the extension term up to March 31, 2009. The Replacement Agreement will put CHP under the same contract end date cycle with other L.A. Care Plan Partner Services Agreements, including Blue Cross of California, Care 1st Health Plan, and Kaiser Permanente.

As with the existing Agreement, the Replacement Agreement will comply with all applicable State laws and regulations.

PASC-SEIU Health Care Plan-Administrative Support Services

The PASC-SEIU Health Care Plan provides health care benefits to uninsured or under-insured homecare workers and their newborn infants. As employees of PASC, these workers enable eligible seniors or persons with disabilities to remain safely in their own homes by providing personal care services, domestic services, accompaniment to medical appointments, and other health and personal care services.

On January 8, 2002, the Board approved the Agreement with L.A. Care to assist CHP with administrative support services. These services include claims processing, member services, utilization review, and management information systems. On subsequent occasions, the Board approved Amendments to amend and extend the Agreement through December 31, 2006. To this extent, the Department intends to enter into an Amendment Extension of the current Agreement, effective January 1, 2007 through June 30,

2007, upon substantially similar terms and conditions, to extend services provided for the CHP's PASC-SEIU Homecare Worker Health Care Plan.

Healthy Families Program

HFP provides low-cost health care to uninsured children up to age 19 from low-income families who do not qualify for Medic-Cal.

On January 7, 2003, the Board approved the L.A. Care Agreement for the provision of health care services, through L.A. Care's network of primary, specialty, hospitals, behavioral health, and pharmacies, to HFP subscribers enrolled in CHP. Under this Agreement, L.A. Care also provides performance measure support services to assist CHP with the submission of the annual Health Plan Employer Data and Information Set (HEDIS) performance report required by MRMIB. On subsequent occasions, the Board approved amendments and extensions to this Agreement through December 31, 2006. To this extent, the Department intends to enter into an Amendment Extension of the current Agreement, effective January 1, 2007 through June 30, 2008, upon substantially similar terms and conditions, to extend services provided for the CHP's HFP.

Nurse Advice Line

Nurse advice line services provide telephonic medical advice and referrals by specially trained registered nurses, physician assistants, licensed physicians, and surgeons. Such advice and referrals reduce the number of unnecessary visits to hospitals and physicians' offices by CHP members with minor illnesses and injuries.

On January 20, 2004, the Board approved Amendments to L.A. Care Agreements to add the provision of nurse advice line services for all CHP product lines, and subsequently approved extension of such services through December 31, 2006, at no cost to the County. L.A. Care has agreed to continue providing nurse advice line services at no cost to the County for the duration of term of each respective L.A. Care Agreements for all CHP product lines. As a result, the Department intends to extend the term of such Agreements to continue nurse advice line services for all CHP product lines.

Standard Form Provider Agreements for All CHP Product Lines

In 1998, 2000, and 2002, the Board approved a standard form provider Agreement for CHP's HFP, MMCP/CTEP, and IHSS product lines, respectively. As part of this approval and with the approvals of subsequent Amendments, the Board delegated authority to the Department to offer and execute these Board approved Agreements to potential providers meeting CHP's specified criteria and provider network needs. As such, the Department seeks delegated authority to continue to offer the Board-approved standard form Agreements under the same criteria to increase service capacity or access for CHP members.

Administrative Amendments of Existing Agreements for All CHP Product Lines

As a full-service Knox-Keene Licensed and federally qualified Health Maintenance Organization, the CHP is continuously subjected to rapid changes in State laws and regulations and other regulatory requirements, including changes in industry practices and conditions. In order to keep at par with other health plans and respond quickly to changing demands, the CHP needs a process where required changes are immediately implemented.

The Board's approval of delegated authority to the Director to execute Administrative Amendments, with prior approvals from County Counsel and the Chief Administrative Office, will enable CHP to keep pace with the continuous changes in regulatory requirements and industry conditions, while providing controls to ensure adherence to Board policy.

Attachments A and B provide additional information.

Exhibits I and II have been approved as to form and use by County Counsel.

CONTRACTING PROCESS:

Upon Board approval, the Director will have delegated authority to execute new Agreements or Amendments as described herein. The execution of the new Agreement or Amendment will be contingent upon review and approval by County Counsel and the Chief Administrative Office.

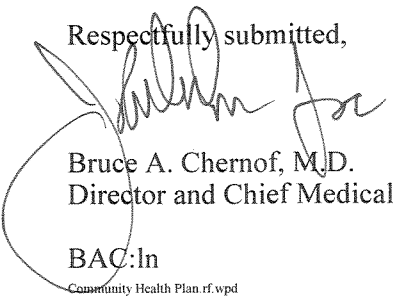
As mandated by the Board, the performance of all Contractors is evaluated by the Department on an annual basis to ensure the Contractors' compliance with all the contract terms and performance standards.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Services provided to CHP members will continue uninterrupted.

When approved, this Department requires four signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:ln

Community Health Plan rf.wpd

Attachments (4)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Office of Managed Care

SUMMARY OF AGREEMENTS

1. Types of Services

Community Health Plan (CHP) provides or arranges for health services, including a nurse advice line, to individuals enrolled in the CHP's Medi-Cal Managed Care Program/County Temporary Employees Program (MMCP/CTEP), Healthy Families Program (HFP), and Personal Assistance Services Council-Services Employees International Union (PASC-SEIU) Homecare Worker Health Care Plan. These services are delivered through a combined network County facilities and contracted providers. CHP also arranges for administrative support for the PASC-SEIU Homecare Worker Health Care Plan and performance measurement support for HFP through Agreements with L.A. Care Health Plan (L.A. Care).

2. Agencies and Contact Persons:

Howard Kahn, CEO
L.A. Care Health Plan
555 West Fifth Street, 29th Floor
Los Angeles, CA 90013
(213) 694-1250 ext. 4151

3. Term

Plan Partner Services Agreement/Medi-Cal Program:	Effective January 1, 2007 up to March 31, 2009
Administrative Support Services Agreement:	Effective January 1, 2007 through June 30, 2007
Healthy Families Program Agreement:	Effective January 1, 2007 through June 30, 2008

4. Financial Information

The CHP receives monthly capitation payments from L.A. Care for each Medi-Cal beneficiary enrolled in CHP, which provides 100% funding to the CHP's Medi-Cal Managed Care Program.

HFP are 100% offset by State and Federal funds provided by the State Managed Risk Medical Insurance Board on a per member per month basis, at a capitated rate for each HFP subscriber enrolled in CHP. Such capitation also funds the behavioral health and performance measurement support services provided by L.A. Care. Partial funding is included in the Office of Managed Care's FY 2006-07 Final Budget, and the remaining amount will be requested in FY 2007-08.

Administrative Support Services for the PASC-SEIU Health Care Plan Agreement is funded by 82.3% State and Federal funds and 17.7% net County cost. Funding is included in the Office of Managed Care's Fiscal Year (FY) 2006-07 Final Budget.

Nurse Advice Line Services will continue to be provided by L.A. Care for all CHP product lines at no additional cost to County.

5. Geographic Area to be Served:

Countywide

6. Accountable for Monitoring:

Dave Beck, Acting Director

7. Approvals

Office of Managed Care:	Dave Beck, Acting Director
Contracts and Grants Division:	Cara O'Neill, Chief
County Counsel:	Eddie Yen, Deputy County Counsel

**COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES
OFFICE OF MANAGED CARE – COMMUNITY HEALTH PLAN**

CONTRACTING CRITERIA

1. Meets the administrative, programmatic, and fiscal objectives of the Community Health Plan (CHP) business model.
2. Agrees to accept as patients individuals enrolled in the CHP
3. Locates service sites within Los Angeles County.
4. Demonstrates compliance with the geographic accessibility requirements under Knox-Keene Licensure and the State Department of Health Services.
5. Complies with CHP site certification process.
6. Complies with CHP Credentialing process.
7. Agrees to cooperate in the maintenance and implementation of utilization management and quality assurance programs, submission of encounter data and other reporting requirements, and regular monitoring of all areas of service delivery to individuals enrolled in the CHP.
8. Demonstrates fiscal viability as determined by submission and review of most recent audited financial statements and last two (2) recent quarterly financial statements.
9. Agrees to comply with CHP's Insurance and Reinsurance requirements
10. Accepts CHP's reimbursements rates or willing to negotiate reasonable reimbursement rates where appropriate.
11. Agrees to cooperate in the development and implementation of any other processes necessary in all areas of service delivery to CHP enrollees.
12. Accepts the terms and conditions of the CHP Agreement, including all the Standard Provisions required by County.
13. Joint Commission of Accreditation Healthcare Organizations (JCAHO) certified hospitals (preferred).
14. Safety Net Providers (preferred).

EXHIBIT II

Contract No. H-207959-6

COUNTY OF LOS ANGELES - COMMUNITY HEALTH PLAN
HEALTH SERVICES AGREEMENT

Primary and Specialty / Hospital / Pharmaceutical Services /
Behavioral Health Services / Health Plan Data and Information
Set/ Nurse Advice Line

Amendment No. 6

THIS AMENDMENT is made and entered into this _____ day
of _____, 2007

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

L.A. CARE HEALTH PLAN
(hereafter "Contractor").

WHEREAS, reference is made to that certain document
entitled "COUNTY OF LOS ANGELES - HEALTHY FAMILIES PROGRAM
HEALTH SERVICES AGREEMENT Primary and Specialty / Hospital /
Pharmaceutical Services / Behavioral Health Services / Health
Plan Employer Data and Information Set", dated January 7, 2003
as amended and further identified as Agreement No. H-207959
(hereafter "Agreement"); and

WHEREAS, the parties wish to extend the term of the
Agreement and to provide other changes set forth herein; and

WHEREAS, Agreement provides that changes may be made in the
form of a written Amendment which is formally approved and
executed by both parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective January 1, 2007 through June 30, 2008, unless terminated earlier pursuant to the provisions of this Agreement.

2. Agreement Paragraph 1, TERM, shall be revised to read as follows:

"2. The term of this Agreement shall be effective January 7, 2003 through June 30, 2008, unless terminated earlier pursuant to the provisions of this Agreement."

3. Paragraph 4, DESCRIPTION OF SERVICES, shall be revised to read as follows:

"4. DESCRIPTION OF SERVICES: Contractor agrees to provide the Program health services described in the following Exhibits, attached hereto and incorporated herein by reference: (a) Exhibit "A", DESCRIPTION OF SERVICES FOR THE HEALTHY FAMILIES PROGRAM FOR PRIMARY, SPECIALTY, HOSPITAL, AND PHARMACEUTICAL SERVICES, commencing July 1, 2003 and ending June 30, 2008, (b) Exhibit "B", DESCRIPTION OF SERVICES FOR THE HEALTHY FAMILIES PROGRAM FOR BEHAVIORAL HEALTH SERVICES, commencing April 1, 2003 and ending June 30, 2008, (c) Exhibit "C", DESCRIPTION OF SERVICES FOR THE HEALTHY FAMILIES PROGRAM FOR HEALTH PLAN EMPLOYER DATA AND INFORMATION SET, commencing effective on the date of Board execution and ending upon completion of such services but no later than June 30, 2008, and

(d) Exhibit "G" DESCRIPTION OF SERVICES FOR THE HEALTHY FAMILIES PROGRAM FOR NURSE ADVICE LINE SERVICES, commencing upon Board approval through the expiration date of Contractor's Subcontract Agreement for NAL on September 30, 2007, and shall continue thereafter through June 30, 2008 at no additional cost to County, contingent upon Contractor's continued subcontracting with a qualified vendor for such services."

4. Exhibit "H" REIMBURSEMENT FOR HEALTH PLAN EMPLOYER DATA AND INFORMATION SET (HEDIS) SERVICES, Paragraph 2 shall be revised to read as follows:

"2. MAXIMUM OBLIGATION FOR HEDIS SERVICES: The total maximum obligation of County for Contractor's and sub-contractor's performance of HEDIS functions under the terms of this Agreement shall not exceed Two Hundred Seventy Two Thousand Dollars (\$272,000) covering two (2) completed reporting and audit cycles (cost per cycle: \$136,000)."

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

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Director of Health Services and Contractor has caused this
Amendment to be subscribed in its behalf by its duly authorized
officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Director & Chief Medical Officer

L.A CARE HEALTH PLAN

By _____
Howard A. Kahn
Chief Executive Officer

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT ADMINISTRATION:

DEPARTMENT OF HEALTH SERVICES

By _____
Cara O'Neill, Chief
Contracts and Grants Division

EXHIBIT I

Contract No. H-213337-7

COUNTY OF LOS ANGELES - COMMUNITY HEALTH PLAN

PASC-SEIU HOMECARE WORKER HEALTH CARE PLAN
("HEALTH CARE PLAN")

ADMINISTRATIVE SUPPORT SERVICES AGREEMENT
Amendment No. 7

THIS AMENDMENT is made and entered into this _____ day
of _____, 2007

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

L.A. CARE HEALTH PLAN
(hereafter "Contractor").

WHEREAS, reference is made to that certain document
entitled "PASC-SEIU HOMECARE WORKER HEALTH CARE PLAN ("HEALTH
CARE PLAN")-ADMINISTRATIVE SUPPORT SERVICES AGREEMENT", dated
January 8, 2002 as amended and further identified as Agreement
No. H-213337 (hereafter "Agreement"); and

WHEREAS, the parties wish to extend the term of the
Agreement; and

WHEREAS, Agreement provides that changes may be made in the
form of a written Amendment which is formally approved and
executed by both parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective January 1, 2007
through June 30, 2007, unless terminated earlier pursuant to the
provisions of this Agreement.

2. Agreement Paragraph 1, TERM, shall be revised to read as follows:

"2. The term of this Agreement shall be effective January 8, 2002 through June 30, 2007."

3. Agreement Paragraph 4, DESCRIPTION OF SERVICES, shall be revised to read as follows:

"4. DESCRIPTION OF SERVICES: Contractor agrees to provide services described herein, and specifically the administrative support described in Exhibit "A", UTILIZATION PROGRAM SERVICES, Exhibit "B", MANAGED CARE INFORMATION SYSTEM SERVICES, Exhibit "C", CLAIMS PROCESSING SERVICES, Exhibit "G", NURSE ADVICE LINE SERVICES, and Exhibit "H", EMBER SERVICES, which also include the STATEMENT OF WORK for each of the Exhibits "A", "B", "C", "G", and "H", attached hereto and incorporated herein by reference. With respect to the Nurse Advice Line (NAL) services as set forth in Exhibit G, services shall be provided commencing from Board approval through June 30, 2007 at no additional cost to County."

4. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
Bruce A. Chernof, M.D.
Director & Chief Medical Officer

L.A CARE HEALTH PLAN

By _____
Howard A. Kahn
Chief Executive Officer

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT ADMINISTRATION:
DEPARTMENT OF HEALTH SERVICES

By _____
Cara O'Neill, Chief
Contracts and Grants Division